

**STRATEGY  
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**AVERTING THE DoD CIVILIAN WORKFORCE CRISIS**

**BY**

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**Averting the DoD Civilian Workforce Crisis**

by

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## **ABSTRACT**

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The Acquisition 2005 Task Force Report states that "The Department of Defense (DoD) is on the precipice of a crisis that the rest of the public and private sectors will also encounter – an age-related talent drain." For a variety of reasons, DoD is facing large losses of the civilian workforce to retirement over the next ten years. This report examines the conditions which have lead DoD to the edge, detail what actions are and should be taken to bridge the chasm of recruiting and retaining a quality workforce so vital to our national security. The civilian workforce has and continues to provide vital contributions to the support of DoD and the military. The workforce of the future must be cultivated to meet the increased educational and technology requirements of the 21<sup>st</sup> century.



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## PREFACE

I would like to thank my family and Professor Greg Baxter from the U.S. Army War College for assisting me with writing this paper. My wife Carrie and my three sons (Nick, Nathan, and Andy) provided me wholehearted support through all phases of this research project. I am thankful for their patience while I worked in our study with this project. Especially Nathan for graciously allowing me the use of the family computer. I would like to thank Professor Baxter for his recommendations and guidance while writing this paper.



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## AVERTING THE DOD CIVILIAN WORKFORCE CRISIS

*If you don't change the direction you're going,  
you're likely to end up where you're headed.*

—Ancient Chinese Proverb

The Acquisition 2005 Task Force Report states that “The Department of Defense (DoD) is on the precipice of a crisis that the rest of the public and private sectors will also encounter – an age-related talent drain.”<sup>1</sup> For a variety of reasons, DoD is facing large losses of its civilian workforce to retirement over the next ten years. This report examines the conditions which have lead DoD to the edge and details what actions are and should be taken to bridge the chasm of recruiting and retaining a quality workforce so vital to our national security. The civilian workforce continues to provide vital contributions to the support of the American defense establishment. The technological superiority our military currently enjoys will quickly deteriorate if DoD does not have high quality civilian personnel equipping, acquiring, manning and supporting its forces. The workforce of the future must be cultivated to meet the increased educational and technology requirements of the 21<sup>st</sup> century.

Just as a strategic vision is necessary for National Strategy, DoD also needs an objective strategy for a workforce as large and complex as that employed in maintaining the defense of our nation. “The Pentagon was not strategic in downsizing its civilian workforce, putting little thought into making cuts over the past decade.”<sup>2</sup> Just as the military has centralized planning for its members, the civilian sector of DoD must more centrally influence policy, laws and regulations in order to recruit sufficient quality personnel in a timely manner. That way DoD can plan, implement and adjust the ways and means required in achieving the ends. The civilian workforce leadership must determine what the goals are in order to influence and optimally plan on how to meet this challenge.

### RECOGNITION OF PROBLEM

One of the primary tasks of the civilian workforce is the acquisition of material for the Department of Defense. A report initiated to study the acquisition workforce was prepared for the Under Secretaries of Defense Acquisition, Technology and Logistics and Personnel and Readiness. The Acquisition 2005 Task Force Report, Shaping the Civilian Acquisition Workforce of the Future does an excellent job in reporting on the problems facing the acquisition workforce and indeed the entire DoD workforce.

Figure 1 illustrates the large age distribution change the DoD civilian workforce has undergone in the last ten years. The dramatic shift in workers to the right (increased average age) is due to downsizing and very limited hiring over the period. The end result is that a large percentage of the DoD civilian workforce can and will retire over the next ten years. This "pig in a python" effect will cause extreme volatility in the civilian workforce as significant numbers of personnel leave the federal system and the workload must be absorbed and/or new workers brought in. The rapid pace with which these retirements will occur will also cause expertise to be lost if not adequately transferred to a new generation of workers. The last ten years of downsizing have already caused significant volatility in the workforce. This potential problem was highlighted in the Civil Service 2000 report by the Hudson Institute (published in 1988) and other previous reports. The political rhetoric and environment has fostered an atmosphere where this potentially devastating problem has not been adequately addressed. Only recently with articles by the Washington Post has the problem begun to undergo increased public scrutiny.

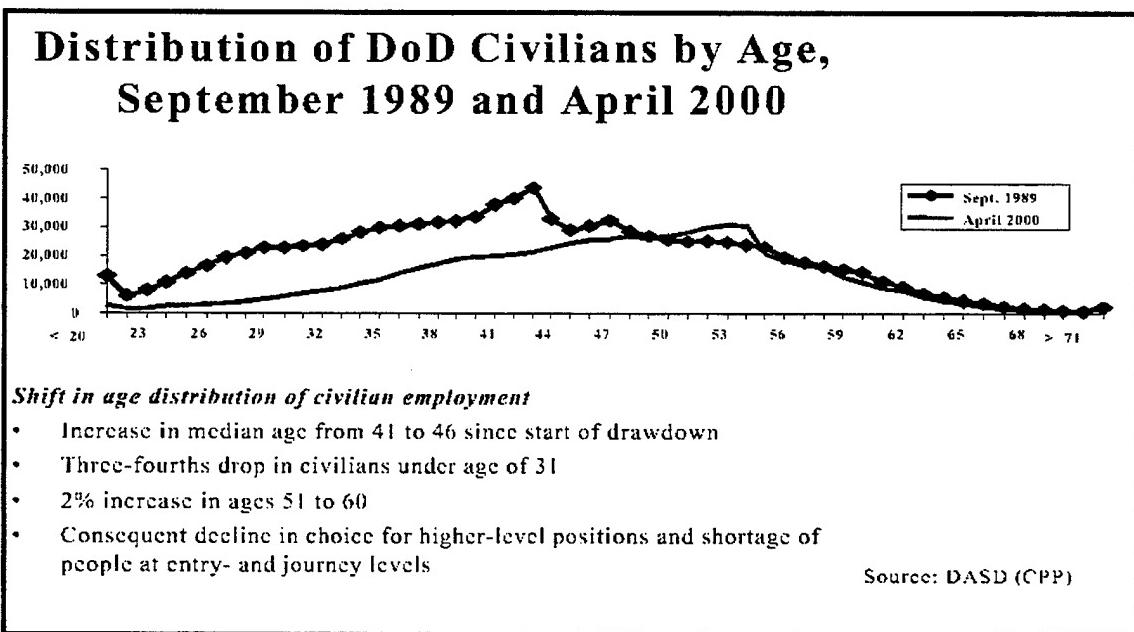


FIGURE 1 DISTRIBUTION OF DOD CIVILIANS BY AGE, 1989 & 2000

By the year 2010, 62% of Department of the Army civilians will be fully eligible for retirement with an additional 26% qualified for early retirement (see Table 1). Without a major effort at recruiting professional personnel to staff important procurement positions the Army Transformation will flounder. While this paper focuses on the Department of the Army, these

same factors and statistics also affect the Navy, Air Force and Marine civilian workforce. The DoD must address this problem holistically, and enlist support equally from all services in addressing this potentially devastating problem.

Status/Year	1998	2001	2003	2007	2010
Not Eligible	63	46	37	21	12
Early Retirements	27	34	33	30	26
Retirement Eligible	10	20	30	49	62

TABLE 1 CHANGES IN RETIREMENT ELIGIBILITY DISTRIBUTIONS (ARMY CIVILIANS)<sup>3</sup>

Significant reductions have already occurred in the civil service workforce while the workload has increased. A large portion of the DOD workforce is engaged in procurement (178,000), with only 6% of those being military. The ongoing Army Transformation will require skilled and experienced professionals for many years to come. The outgoing workforce will take much needed skills and experience with them as they leave government service. The Army and DoD must position itself as an employer of choice among engineering and other technical professionals, who play a vital role in our procurement process. The Army must begin to recruit, train and transfer the existing valuable experience to a new generation of professionals.

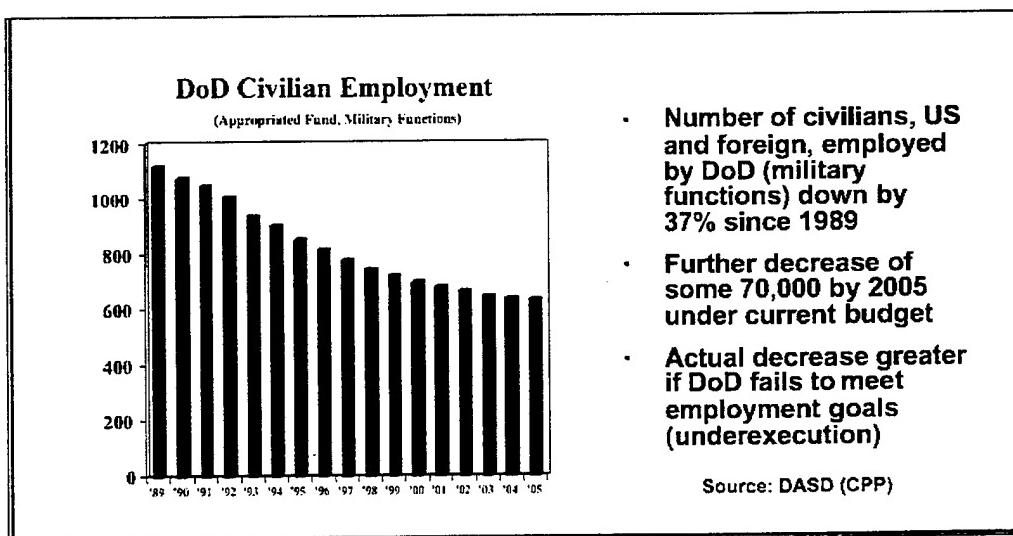


FIGURE 2 DOWNSIZING IMPACT ON THE DOD CIVILIAN WORKFORCE

While the 2005 report highlights the problem, it falls short by advocating incrementalism in analyzing and applying fixes to the system. A revolutionary change in the entire bureaucratic personnel system is required, not just more study of the problem (i.e., the pay comparability study suggested). Many of the study recommendations are further studies to examine the extent of the problem. While studies are an important element in determining the extent of the problem, much of the previous work highlighting problems and recommending changes has been ignored. The pay gap, for example, has readily been acknowledged in numerous previous studies. Action is required to address the problem now. It should be noted that information technology (IT) workers were recently granted a pay increase due to trouble in recruiting them.<sup>4</sup> Last minute, piecemeal actions in addressing critical issues underlines the poor management of this critical dilemma. The current political climate of bashing federal workers while politicians brag about how many bureaucrats they have reduced from the federal rolls may foster a downward spiraling morale for current and potential federal workers.

Congress and the Clinton administration's reinventing government effort also share some of the blame for haphazardly handing out pink slips. The theme throughout the whole decade was downsizing for the sake of downsizing.<sup>5</sup>

## **NECESSITY OF CIVILIAN WORKFORCE**

In all the elements of national power, military, diplomatic, economic and informational, the U.S. is preeminent in the world. While the DoD civilian workforce cuts across all occupations, the most important are those of a technical nature. The shift occurred when "radar revolutionized warfare in a deeper sociological sense. As a result of radar's success, a class of men previously only tangentially connected to warfare – the basic scientists – became as essential to war as the military men."<sup>6</sup> The military fights the wars; the civilians, contractors and industrial complex build the technologically superior weapons the military fight and win wars with. Historically, the U.S. has gone from wars of attrition to wars where superior technology provides a force, which makes up for shortages in manpower. Precision-guided munitions have replaced the masses of soldiers, weapons and ordnance that were required to affect the opposition forces. If the U.S. is to remain atop technologically, the DoD civilian workforce must have the education and skills necessary to maintain that edge and be a vital workforce. The acquisition of weapons therefore requires a significant investment in the people who analyze and make the decisions as to the future direction of weapons acquisition. The military portion of the national budget and the GDP has shrunk considerably in the post cold war world. Civil service workers provide the enabling force to capitalize and produce the world's pre-eminent

military fighting machine. Failure to maintain vigilance will relegate the U.S. to the same fate as the Roman and British empires.

## DEMOGRAPHICS

One of the main factors, which contribute to the significant number of workers who will be retiring from federal service in the next ten years, is the aging of the Baby Boom. The Baby Boomers were born “Between 1946 and 1964, about 75 million children were born in the U.S. – an average of about 4 million births each year, compared to an annual average of less than 3 million in the preceding 20 years.”<sup>7</sup> A large number of Baby Boomers entered federal service during the Vietnam era.<sup>8</sup> These workers will be exiting the federal workforce en-mass over the next ten years. This exodus comes after over ten years of downsizing in the DoD workforce, with workers being offered buyout incentives to encourage departure. The buyouts encouraged not only the older workers to seek retirement, but provided incentive to many younger and middle-aged workers to transition from government service. During this period, the number of new entrants in the DoD workforce was extremely limited. The lack of new DoD employees is illustrated by the low numbers shown in Figure 1 for workers aged 35 and under. The combination of these factors, along with the negative political environment concerning government service, has aligned to produce a potentially devastating effect on the capability of the DoD workforce to exist as a productive entity.

There are significant implications of having an aging workforce. The current aging workforce is less likely to adapt to the challenges of higher technology and a more information intense environment.<sup>9</sup> This is typically moderated by the influx of new workers into a workforce; however new workers have been decidedly few in DoD during the last decade. Also, the advancement for the few younger and middle-aged workers has been seriously curtailed by the reduction in positions due to the downsizing. The reduction in higher paying middle and upper management positions has dramatically reduced opportunities for workers to gain increases in pay. This provides challenges to managers seeking to retain talented younger workers whose pay is not competitive with the private sector, and advancement as a means to provide adequate pay has been curtailed.

The answer is to increase the recruiting and hiring of a new generation of civil servants in addition to contractors to provide the important work of DoD. However, “the thriving economy has pushed unemployment to historic lows. And the labor shortage is likely to continue over the next decade, many economists say, since the 40 million Generation Xers will provide insufficient replacements for the [75 million] aging boomers.”<sup>10</sup> This has broad economic implications not

only for DoD but also for the entire nation. The time to start addressing the potential workforce shortage is now, due to the lead-time required to hire and train an effective workforce.

## **MANAGEMENT**

"Civilians are recruited, utilized, developed and sustained on a decentralized basis."<sup>11</sup> With the exception of some centralized recruiting of interns, each agency is responsible for the recruitment of new employees and the management of its workforce. This is completely opposite the centralized workforce management system used by the military. The realization of a potential crisis has led to studies that examine the extent of the problem and propose some solutions. One of the important ideas generated by these studies is that the civilian workforce in DoD could benefit from a more centrally managed personnel system similar to the military's. At the very least, more centralized coordination of the policies and regulations that impact the civilian workforce are needed. Current decentralization has led to a fracturing of the rules each agency follows. Examples of this divergence are the increasing pay banding experiments and differing interpretation of pay regulations among agencies, which has lead to increased competition for quality federal workers. Another key to improving the civilian workforce are changes by the legislature, which makes the laws that greatly affect the personnel system, including the important pay and benefits area. The decentralized management system is one of the reasons the potentially debilitating loss of people was able to creep up on the civilian workforce without being addressed, even though early warnings were sounded in previous studies such as the Civil Service 2000 report.

Acknowledgement of problems by the highest levels of leadership is the first step in addressing them. Strategic planning is necessary so that objectives and goals for the workforce can be established. Comprehensive plans can then be developed which centrally address the ways required to meet the workforce management objectives within existing means. Most of the reduction in the DoD workforce over the past decade has been accomplished through hiring freezes, downsizing and outsourcing.<sup>12</sup> Thus those who are retained may not reflect the optimal mix of personnel and associated skill mix to meet the challenges of the 21<sup>st</sup> century. No comprehensive plan, oversight or strategy exists to direct in an overall strategic manner the shaping of the total DoD work force.<sup>13</sup> Plans must be made, coordinated and integrated which deal with the civilian, military and contractor personnel for a total DoD workforce management plan. The result will be a coordinated effort to manage and shape the total workforce to provide the right person at the right place at the right time. The current decentralized and cumbersome personnel management system requires drastic overhaul<sup>14</sup> leading to a more modern, flexible

system that can quickly respond to address workforce requirements. The General Accounting Office has "added the federal personnel system to its 'high-risk' list."<sup>15</sup> Any new civil service system must adequately address the role of contractors in addition to the civilian workforce, since contractors provide a significant portion of DoD capability. In fact, contractors outnumber civil servants in the Department of the Army.<sup>16</sup>

"The key competitive difference in the 21<sup>st</sup> century will be people,"<sup>17</sup> stated Comptroller General David Walker to human resource managers. Indeed, the ability of DoD to continue to remain competitive militarily relies on the people who provide the human capital that drives the system. Walker further states that congressional attention and significant legislation dealing with "the missing link – the people" have been absent.<sup>18</sup>

## POLITICIANS

The current political climate, which fosters cuts in civil service employment levels, has contributed greatly to the potential workforce shortage.<sup>19</sup> Politicians want the federal workforce "cut even further for financial reasons, or to give them bragging rights about slashing big government while increasing the percentages of women and minorities."<sup>20</sup> Reductions in the federal workforce have cut across many federal agencies with DoD taking the brunt of the losses.<sup>21</sup>

A political trend that greatly influences the policies and administrative decisions affecting civil servants is the "increasing number of political appointees over the past several decades. The problem is that responsiveness is actually attenuated by more layers between the cabinet secretary and the civil servants who actually do the work."<sup>22</sup> When administrations turnover, many positions can sit vacant for extended periods of time.<sup>23</sup> The lack of leadership in these crucial positions creates a vacuum leading to short-term instability. A reduction in the number of political appointees replaced by Senior Executive Service (SES) civilians would provide increased stability in the management and leadership provided to civil servants. The president can still maintain his political policies by controlling the leadership at the highest levels in agencies and cabinet departments.

"Many congressional Republicans like downsizing because they think government is too big. They also would like to eliminate some programs and agencies. And, like a growing number of Democrats, they are anxious to toss work now done by civil servants to private contractors."<sup>24</sup> This trend toward contracting out work previously done by government employees undermines the civil service. Indeed, President Bush has "promised to pare the government's management layers by replacing only half the managers and executives who

retire in coming years... and turn more federal work over to contractors.<sup>25</sup> To taxpayers, a smaller yet more efficient government sounds good and may be in the best interests of the country. However, the motives of a dedicated civil servant are much different from a contractor whose primary motivation is profit. Many argue that contractors cost much more than civil servants for the same production. In the Department of the Army, contractors outnumber civil servants 268 thousand to 224 thousand at a cost of 20 billion versus 13 billion.<sup>26</sup> Thus on a per capita basis – contractors are costing 28% more. This quick comparison does not take into account job skills, training, the actual work being performed and contractor company assets. These numbers concerning contractors are only recently being sought,<sup>27</sup> as it is realized that management of contractors is even more decentralized than that of civil servants. Someone needs to address the issue of the value obtained for the price to determine how efficient contractors are compared to civil servants.

## COMPENSATION

Pay has long been an issue, with government salaries lagging the private sector. As early as 1989 the Volker National Commission on Public Service listed the lag as 20 percent or approximately \$6,000/year below the private sector for the average federal worker. The Volker Commission and other national committees called for action then to address pay disparity and yet the disparity has continued or in some cases increased. Pay comparability studies are just a waste of money if the pay differentials are ignored. What is called for is action; the question is whether it will require a crisis to prompt action from the political parties eager to vie for votes by promising more cuts in the federal bureaucracy.

The world has become hugely complex and our dependence on technology has magnified. The information age we are experiencing requires workers in all aspects to be better trained and educated. In order to compete for new workers the civilian sector of DoD must be able to offer competitive compensation. While service to country can compensate for small discrepancies, the free market competition for high quality individuals will ensure that the private sector dominates in acquiring the most qualified people. Government leaders address these issues only when they become overwhelming problems. The recent pay increases provided to IT professionals were implemented only when shortages of these workers threatened the ability of government to provide service.

Many public experts think its time to revamp federal pay and link it more closely to job performance. The IRS recent launch of pay banding gives agencies greater leeway in salary and promotion decisions" said Mitchell E. Daniels Jr. in his confirmation hearing to head the Office of Management and Budget. He also said in regards to pay 'that flexibility may need to take priority and that "It is hard

for me to imagine that the federal government can maintain, let alone restore, the sort of productivity level, high talent level, attraction of new people and so forth that we obviously need, with archaic rules.<sup>28</sup>

Currently it is difficult to hire high quality college graduates to work for the government; especially in high technology related areas. The average engineer with a bachelor's degree commands a salary of ~\$45,000 in today's competitive economic climate and quality high tech graduates demand even higher salaries.<sup>29</sup> Engineers hired by the government today are limited to GS-05 or GS-07 starting salaries (\$23,304 & \$28,866 respectively in the Washington, D.C. area).<sup>30</sup> Even when enhanced with a 25% recruitment bonus that only brings the top entry-level salary to ~\$33,800 (the 25% bonus is on top of base salary and does not include locality pay). This wide disparity in salaries presents a major hurdle in recruiting capable and qualified engineering personnel. The salary disparity is greater in many areas of the country where the federal pay scale is not as high as that in the Washington, D.C. area. Those that can be enticed to join for other advantages (i.e., pursuing a master's degree during duty hours, secure employment and good benefits) are difficult to retain. The huge salary differentials, along with a growing workload as the civil service downsizes, provide fertile ground for dissatisfaction. Fifteen years ago the entry-level salary differential between the private sector and government was negligible due to the implementation of special pay scales for engineers and the economic climate made recruiting much easier. Salary differentials also occur at mid and high grade levels and contributes significantly to problems in retaining high quality individuals and must also be addressed; however I believe the most immediate problem is recruiting.

While the current civil service system allows recruitment and retention bonuses, 25% bonuses at the entry level may be inadequate. Also, the implementation of bonuses is burdensome and not even widely implemented throughout DoD. One solution is to raise pay levels across the board and implement pay banding across all agencies in DoD. The additional flexibility would allow managers the means and ways necessary to provide higher compensation for the best and brightest.

#### **ATTITUDE TOWARD GOVERNMENT SERVICE - RECRUITMENT**

A 2000 survey by William C. Adams, a professor of public administration at George Washington University of Phi Beta Kappa honor society members (Same group as earlier Volcker commission) demonstrated that "top college students remain skeptical about Federal careers".<sup>31</sup> The results illustrate the continued diminishment of attitudes toward careers in federal service. Large numbers of college students take a dim view of federal service, only

"Thirteen percent said working for the federal government was 'very appealing' or their top preference."<sup>32</sup> While these numbers are low, they still could provide a significant pool of applicants for federal service. The trick is to provide fast and easy avenues in the recruiting process. Currently there is an "impression that the process is just incredibly burdensome and time-consuming"<sup>33</sup> by potential applicants to government civil service. The reason this impression exists is because the process is both factors.<sup>34</sup> In today's ever more rapid society, the business sector moves quickly in offering and hiring new employees.<sup>35</sup> The federal government requires numerous forms and takes months to complete the paperwork processing before job entrants' requirements are completed and offers made. This is after undergoing a burdensome maze in order to find out about job opportunities. Efforts are underway to improve the speed that the paperwork is processed. The Civilian Personnel Operations Center (CPOC) system tracks the length of time to hire an applicant as an important tracking metric. The metric indicates averages of approximately 2 months from recent Army statistics, which is still a long time especially when job applicants can receive a rapid response by private sector employers. The bottom line is that agencies still must go through a centralized bureaucracy that provides numerous paperwork barriers and long processing times. Some agencies have been given authority to dramatically improve the speed of hiring, reducing the process down to two days between interview and job offer. These improvements in the process should not be the exception and limited to certain agencies but promulgated across the entire DoD personnel structure.

The recognition of these legal and bureaucratic structure barriers was identified in then Vice President Gore's reinventing government project via "The 1993 report, Reinventing Human Resource Management, which offered three-dozen recommendations on how to transform the government's stodgy civil service procedure."<sup>36</sup> But the ideas and reforms "aimed at blowing up the legal and bureaucratic structure for hiring, paying and promoting federal employees – never happened."<sup>37</sup> Reforming the federal bureaucracy has not been a high priority; reducing the number of federal workers has much more political appeal. Politicians may not realize the damage they have inflicted on the federal workforce image by their continuous put-downs. The Congress's inability to introduce the reforms necessary to allow efficient government will produce significant fallout as the workforce rapidly departs without adequate means and ways to maintain this vital government asset. The reduced future recruitment pool combined with a robust economy will make competition for good workers that much more difficult. The bottom line is that if the civil service is to survive as a viable organization, which serves the country, DoD must begin "to attract, develop, and retain high-quality personnel."<sup>38</sup>

DoD needs to begin “shifting their hiring processes from the paper – and time intensive manual mode to an automated one.”<sup>39</sup> Today’s college graduate and general job seeker goes online as one of the four primary mechanisms in searching for a job.<sup>40</sup> Automated online search tools and methods provide an opportunity to drastically reduce the time necessary to identify qualified applicants. These tools have the potential to increase the quantity of applicants due to simplification and ease of applying. In today’s environment, reducing the barriers is important especially since “there’s a war for talent these days. You can’t take months and months and months to fill jobs.”<sup>41</sup> An easy, consistent and centralized method of applying for DoD or federal employment is called for. The process must also be made simpler, such as only requiring a resume and posting jobs on a commercial Internet job posting system such as Monster.com. Current government systems such as usajobs.opm.gov require the user to do the searching and the application process typically requires several steps and paperwork rather than a simple resume. Monster.com uses intelligent agents that notify the user of jobs that meet their criteria and email them daily with new jobs that meet the designated specifications. Also, companies that are looking for job applicants can search the Monster database and then contact the job seeker directly through email.

The government has made internal job applications somewhat easier with a standardized application and online resume within regional areas. However, the ability and ease that job applicants from outside the federal government can be hired into mid and high-grade positions need to be improved and made easier.<sup>42</sup> The goal should be to recruit and hire the best person for the job, rather than just an easier promotion system. The use of an automated system which provides services similar to Monster.com will reduce the resources required to fill jobs which is important given the human resource staff cuts in DoD.

“Today’s workforce is more mobile … people don’t stay in a single job in a single agency anymore.”<sup>43</sup> The government must take advantage of this mobility by implementing a fast system of hiring, reducing the burdens to people wanting to enter federal service, and even allowing ease of exit and re-entry. By easing the job transfers barriers between government and private sector employment, the ability to recruit from a wider application pool is enhanced. Flexibility to get rid of unproductive workers must also be made integral to any improved system.

## **RETIREMENT SYSTEM FACTORS**

Another factor, which will exacerbate the loss of federal employees, is the dual retirement system. The first wave of the aging baby boom population is largely under the Civil

Service Retirement System (CSRS) system, which allows retirement at age 55 with 30 years of service. Even more important is that all workers hired since 1984 are under the Federal Employee Retirement System (FERS). The primary purpose of this system was to save the government money by shifting from a pure pension system to a 401k-type plan in conjunction with social security (although there is also a small-defined benefit pension). The minimum retirement age was increased from 55 to 57 (phased in over time). Also, the social security portion raises the retirement age to 67, with significantly reduced benefits at age 62 (although the government supplements pay from age 57 until the employee attains age 62). While at first glance this would seem to keep workers on the job longer prior to retirement, however, the FERS retirement system is extremely portable and potentially lucrative. In fact the 401k portion allows employees to contribute 10% with an additional 5% government matching, recently the legislature increased the employee contribution. The employee contribution limit will be raised to 15% over the next five years, subject to IRS maximums. The ability to save 20% of yearly salary with the employee contribution tax deferred allows FERS employees to accumulate a substantial investment portfolio.

The CSRS system somewhat handcuffs federal employees into staying since that is the only way to collect the defined benefits package. FERS allows employees to leave federal service and take most of the benefits package with them without having to wait for retirement. The small pension benefit can be cashed out, the 401k can be rolled over into an investment brokerage and the social security portion follows them for life. This exacerbates the problem of employees leaving the federal service due to low pay since they now have a portable retirement system.

## CURRENT PROPOSED SOLUTIONS

The Acquisition 2005 Task Force Report provides an excellent overview of the problem and details numerous initiatives and proposal to mitigate the problem. The report states that many of the solutions are already available under existing regulations. What is true is that partial fixes, which slightly lessen the problem, are available to those organizations with good personnel specialists that know and can use the regulations. However, many organizations have drastically reduced support personnel since support personnel took a disproportionate hit from the recent decade of downsizing. Due to the decentralized manner that staffing is accomplished throughout DoD, wide disparity exists in how recruiting occurs and a growing disparity in pay between agencies. DoD agencies with pay banding have recruited members from those under the general schedule pay system with the enticement of a \$5,000

pay increase to lateral positions non-competitively. The process is very complex and the multiple mechanisms for achieving higher pay are not immediately recognizable or easily implemented. Providing these specialized incentives takes extra work on the part of management. Part of the problem is that each department/agency proceeds with their limited knowledge of the process. In order to have even limited success in recruiting and retaining quality personnel; managers must spend an inordinate amount of time dealing with personnel issues rather than their main mission. The personnel people moving into the CPOC's are becoming more generalists and reducing the specialists, agencies sometimes cannot receive quality answers to personnel questions. Many times answers to a question change frequently over a few days time, as the rules are complex and subject to much interpretation based on my recent history with personnel actions. The process is too difficult and does not provide the ease and flexibility needed to respond with the right hiring prescription at the right time. Therefore, while the necessity for hiring has become even more important for DoD, the support people required have been drastically reduced.

Plans that call for additional intern programs only scratch the surface of the core problems in recruiting and retaining high quality civil servants. Interns readily apply and get great job experience or graduate training in the federal service, but then leave for a variety of reasons including pay. When private sector engineers are making almost 40% more coming out of college (a time when debt from college loans are very high) the government cannot expect to compete in recruiting high quality individuals. In today's competitive job market the employees who enter government service will be those who were unable to be hired by private sector employers at the higher salaries or who believe the government offers better job opportunity. The higher salaries of the private sector will surely tempt even dedicated employees as they gain confidence and valuable work experience.

## **ADDITIONAL SOLUTIONS**

"The rate of change is not going to slow down anytime soon. If anything, competition in most industries will probably speed up even more in the next few decades."<sup>44</sup> The private sector understands this and has made considerable progress in the speed of adaptation and change. This pressure to change is being felt in the government as well; as a consequence innovations are being attempted in areas such as pay banding experiments. These demonstration projects are gaining momentum, however, the process that transitions from experimentation to implementation takes too long. The government is funded by taxes and

governed by politicians and does not operate under profit pressure. As such the very idea of efficient markets and capitalism are not ingrained in governmental functioning. The incentives to change are absent and complacency is part of the culture. The very size of the government inhibits and slows real innovation that can be applied across DoD. As some seek to change the status quo in an attempt to provide the workforce with the tools and methods to work better, other federal agencies fight the changes to protect their turf.<sup>45</sup> Yet, IRS leaders have been successful in obtaining a new pay system for their agency. DoD needs to break away from the federal personnel system and implement its own system. This would also improve the planning process and cut down on the uneven implementation of personnel practices.

Therefore, maybe the coming workforce exodus will finally stimulate the needed reforms by forcing attention on the problems created. Being proactive and attacking the problem early to mitigate the erosion of our national defense capability would provide a much better solution. A core of highly qualified government workers must deal with the oversight and management of the large number of projects and contractors. The civil service workforce needs to represent the best interests of the government. High quality government workers will always be required to supervise and make the crucial decisions affecting DoD. The ability to adapt and change starts at the highest levels of leadership. The next step is to identify the roots of the problem and then create a sense of urgency in providing solutions to combat a potential crisis.

DoD needs to “break free of Title V, the federal civil service law that controls how the government hires, manages and pays its employees.”<sup>46</sup> My agency was recently granted permission to institute pay banding, which allows an agency broad discretion in the payment of personnel. This discretion allows managers the flexibility to pay the higher performers more, yet the means are still limited and the overall pay disparity with the private sector is only partially addressed. The variability in pay systems must be addressed by allowing all DoD agencies the flexibility provided by pay banding. “It is not a great leap of logic to predict that organizations with people management systems that are controlled by over 2,000 pages of law and regulation, with literally years required to make change, will not be among the winners in the war for talent.”<sup>47</sup> DoD may need to break away from the Federal system to create its own personnel resource system as various other agencies have (i.e., IRS).<sup>48</sup>

## **CONCLUSION**

The DoD workforce is facing a large departure of its workforce over the next ten years. The government leadership must acknowledge the contribution a quality civilian workforce

provides in meeting DoD's mission. They also need to face the facts concerning the huge losses in personnel and admit that DoD performance in maintaining our defense will be degraded if this potential crisis is not averted. This problem is slowly being acknowledged by key government officials and is increasingly being covered by the press corps. The fact that several studies such as the Acquisition 2005 Task Force Report are being published and brought to light suggest that the problem is gaining recognition. It remains to be seen whether enough politicians will fully recognize the contribution that civilians make to DoD prior to the problem becoming critical. Finally leaders must take action before the problem becomes critical. The federal government must become more flexible in order to compete today and in the coming years, as shortages in high quality technical personnel become more commonplace. As the baby boom generation retires, ripples will be felt throughout DoD and American industry.

Planning is the first step, next is developing specific programs to attract and retain those workers. The impending departure can also be seen as an "opportunity to reshape our workforce. We need to step up and manage it," says Deidre Lee, Defense's director of procurement.<sup>49</sup> Three key elements are necessary in order to successfully address this potentially debilitating workforce crisis. They are leadership, resources (pay and compensation) and revolutionary changes in the personnel management structures. Leadership is also key to gaining the resources and changes in the system necessary to recruit, train and retain a new generation of DoD civil service workers. The total DoD workforce must be managed as a whole to include civilians, military and contractors. Only by looking at the whole rather than the pieces can a comprehensive strategy be forged. However, if DoD and the federal government don't change direction they will end up exactly where they are currently headed, a major workforce crisis.

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## ENDNOTES

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<sup>2</sup> George Cahlink, Drained – The Defense Department's debilitating loss of critical workers, Government Executive, February 2001.

<sup>3</sup> David L. Snyder, "Army Civilians", Briefing slides by Deputy Assistant Secretary of the Army (Civilian Personnel Policy) USAWC, Carlisle, PA November 2000.

<sup>4</sup> Stephen Barr, "Pay Raise for Tech Workers Leaves Colleagues Asking: What About the Rest of Us?", 6 November 2000, available from <<http://www.washingtonpost.com/wp-dyn/A20582-2000Nov5.html>>; Internet; accessed 24 November 2000.

<sup>5</sup> George Cahlink, Drained – The Defense Department's debilitating loss of critical workers, Government Executive, February 2001.

<sup>6</sup> George Friedman and Meredith Friedman, The Future of War Power, Technology of American World Dominance in the 21<sup>st</sup> Century, (New York, Crown Publishers, Inc., 1996)

<sup>7</sup> Stacy Poulos and Demetra Smith Nightingale, "The Aging Baby Boom: Implications for Employment and Training Programs,; available from <<http://www.urban.org/aging/abb/agingbaby.html>>; Internet; accessed 5 October 2000.

<sup>8</sup> Stacy Poulos and Demetra Smith Nightingale, "The Aging Baby Boom: Implications for Employment and Training Programs,; available from <<http://www.urban.org/aging/abb/agingbaby.html>>; Internet; accessed 5 October 2000.

<sup>9</sup> United States Office of Personnel Management. Civil Service 2000 (Washington, D.C., Office of Personnel Management, June 1988). 22.

<sup>10</sup> Penelope Wang, "is this retirement?" Money, November 2000, 102-103.

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<sup>14</sup> Stephen Barr, "Workforce, Management Issues May Be Moving Up on OMB Agenda", 31 January 2001, available from <<http://washingtonpost.com/ac2/wp-dyn/A5009-2001Jan30.html>>; Internet; accessed 31 January 2001.

<sup>15</sup> Stephen Barr, "Workforce, Management Issues May Be Moving Up on OMB Agenda", 31 January 2001, available from <<http://washingtonpost.com/ac2/wp-dyn/A5009-2001Jan30.html>>; Internet; accessed 31 January 2001.

<sup>16</sup> David L. Snyder, "Army Civilians", Briefing slides by Deputy Assistant Secretary of the Army (Civilian Personnel Policy) USAWC, Carlisle, PA November 2000.

<sup>17</sup> Susannah Zak Figura, "Human Capital: The Missing Link", 1 March 2000, available from <<http://www.govexec.com/news/index.cfm?mode=report&articleid=16228>>; accessed 26 December 2000.

<sup>18</sup> Susannah Zak Figura, "Human Capital: The Missing Link", 1 March 2000, available from <<http://www.govexec.com/news/index.cfm?mode=report&articleid=16228>>; accessed 26 December 2000.

<sup>19</sup> George Cahlink, Drained – The Defense Department's debilitating loss of critical workers, Government Executive, February 2001.

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